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UNCLAS ANKARA 003976

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E.O. 12958: N/A

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SUBJECT: UPDATE ON BOT COMPANIES

REF: ANKARA 3343

¶1. (SBU) Summary: President of the Energy Market Regulatory Authority (EMRA) Yusuf Gunay told EconCouns June 17 that EMRA was working on a response to the recent letter from the export credit agencies regarding the BOT contracts (reftel). The U.S. BOT companies, Trakya Elektrik (Enron) and Doga Enerji (Edison Mission), told us they had had no contact with EMRA or the Ministry of Energy since they submitted their license applications on June 2. End summary.

¶2. (SBU) EconCouns and econoff met with EMRA president Yusuf Gunay June 17 to follow up on the May 16 meeting with the export credit agencies (ECA's) and senior GOT officials regarding the GOT's contracts with the Build-Operate-Transfer (BOT) power projects (reftel), which include U.S.-owned companies Trakya Elektrik (Enron) and Doga Enerji (Edison Mission). EconCouns noted that we had understood from that meeting that EMRA would clarify for the BOT companies that no contractual rights would be forfeited if the companies complied with the new licensing requirement. EconCouns said we had also understood from a subsequent conversation with EMRA officials that EMRA was working on a response to the letter it had received from the ECA's following the May 16 meeting.

¶3. (SBU) Gunay responded that EMRA was working on a response to the letter and on the clarifications regarding the contracts; EconCouns encouraged Gunay to respond as soon as possible. Gunay asked if we had heard about possible discussions between the BOT companies and the Ministry of Energy regarding a buy-out. He said he had heard a rumor that such discussions were taking place, and that the Turkish Treasury had determined that it had sufficient room in the budget to purchase the BOT companies according to the buy-out provisions in the contracts.

¶4. (SBU) The local representatives for Doga and Trakya told us June 18 that they had had no contact with EMRA or the Ministry of Energy since they submitted their license applications on June 2. They said they had not had any discussions with the GOT regarding a buy-out, but noted that this was an option provided for in the contracts, and therefore an option they would be willing to pursue.

PEARSON